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UNCLAS ANKARA 002901

SIPDIS

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SUBJECT: GOT PREPARING REVISED WTO SERVICES OFFER

Ref: State 81619

**¶1.** (SBU) On May 11, Econoff delivered reftel demarche urging the GOT to submit a revised WTO services offer by the May deadline to Sevgi Boz, Deputy Director General at the Turkish Treasury Undersecretariat. Boz responded that Treasury was coordinating an interagency review with the aim of submitting a revised offer as soon as possible. However, she opined that Turkey would miss the deadline and submit an offer in early June. She added that both the insufficient number and quality of initial offers in the services talks were an obstacle to a successful conclusion.

**¶2.** (SBU) Boz suggested that submitting a revised offer was desirable in view of far-reaching changes in Turkish services-related legislation over the last few years. While cautioning that the Turkish interagency process on these issues was far from complete, she offered the following views on specific sectors and issues:

-- Banking has already been substantially liberalized, and there is considerable foreign investment in place or on the way in this sector;

-- Any offer relating to insurance will be affected by draft legislation on the sector now before Parliament (Boz was not familiar with details of the legislation);

-- She acknowledged that telecom was the most important subject in a revised offer, and acknowledged USG interest in liberalization. She emphasized that the GOT had not worked out a position on a telecom offer, and hinted at opposition to further liberalization;

-- The offer on Mode 3 horizontal commitments will be revised to reflect liberalized FDI legislation, particularly abolition of the permit requirement;

-- On Mode 4 (movement of natural persons), Turkey plans to revise its offer in line with recent liberalization of work permit legislation. She stated that Turkey might offer permits extendable to as long as six years.

**¶3.** (SBU) Boz told us that Turkey would take EC positions into account in formulating its offer. She emphasized that the GOT was not aiming for complete harmonization of positions with Brussels, but said it was not in Turkey's interests to make commitments to liberalization which would have to be scaled back upon accession to the EU.

Edelman